

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

NOV 22 1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT. Achieving National Performance Review Defense Acquisition Reinvention Impact
Center Goals by Year 2000

The Department of Defense Acquisition has been designated a National Performance Review Reinvention Impact Center by Vice President Gore. The 12 acquisition goals that I forwarded to the Vice President, by letter dated July 9, 1997, constitute the hallmark of what the DoD Reinvention Impact Center will achieve by the year 2000 (attached as Tab A). The entire Department will need to take timely and effective actions under the leadership of the Under Secretary of Defense (Acquisition and Technology) to employ acquisition and logistics process improvements in the quest to achieve these goals.

I direct the Secretaries of the Military Departments and the heads of the other DoD components to assume responsibility for taking the measures required to accomplish the goals of this important initiative. The focal point for the DoD Acquisition Reinvention Impact Center is Mr. William E. Mounts, Director, International and Commercial Systems Acquisition, Office of the Deputy Under Secretary of Defense (Acquisition Reform), who is responsible for coordinating DoD plans and periodic status reports with the goal proponents to be reviewed quarterly by USD(A&T) and semi-annually by the Vice President, and communicating progress on reaching the goals through the internet at www.acq.osd.mil/npric/ric.htm.

Bill Cohen

Attachment.
As stated

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WASHINGTON, D.C. 20301**

JUL 9 1997

The Vice President
The White House
Washington, DC 20500

Dear Mr. Vice President:

Enclosed are the Department's three-year acquisition goals as a designated National Performance Review Reinvention Impact Center (RIC). Our initiatives cover the three main areas contained in the *Blair House Papers* and are intended, as well, to serve as input to our initial agency performance plan under the Government Performance and Results Act. These goals are consistent with the vision, strategy, and plan articulated in the Report of the Quadrennial Defense Review and will constitute the hallmark of what the DoD Acquisition RIC will achieve during the second term of this Administration.

Sincerely,

Bill Cohen

Enclosure:
As stated

cc:
Director, OMB

DoD Acquisition Year 2000 3 - Year Goals

Delivering Great Service

Deliver new major defense systems to the users in 25% less time.

Achieve visibility of 90% of DoD materiel assets while resupplying military peacekeepers and warfighters and reducing average order to receipt time by 50%.

Simplify purchasing and payment through use of purchase card transactions for 90% of all DoD micropurchases while reengineering the processes for requisitioning, funding, and ordering.

Create a world-class learning organization by offering 40 or more hours annually of continuing education and training to the DoD acquisition related workforce.

Fostering Partnership

With no top-line budget change, achieve annual defense procurement of at least \$54 billion toward a goal of \$60 billion in 2001.

In the spirit of fostering partnerships and community solutions, DoD will complete disposal of 50% of the surplus property baseline and privatize 30,000 housing units.

Decrease paper transactions by 50 percent through electronic commerce and electronic data interchange.

Reduce total release of toxic chemicals by a further 20%.

Internal Reinvention

Eliminate layers of management through streamlined processes while reducing the DoD acquisition related workforce by 15%.

Define requirements and establish an implementation plan for a cost accounting system that provides routine visibility into weapon system life-cycle costs through activity based costing and management. The system must deliver timely, integrated data for management purposes to: permit understanding of total weapon costs; provide a basis for estimating costs of future systems; and feed other tools for life cycle cost management.

Dispose of \$2.2 billion in excess National Defense Stockpile inventories and \$3 billion in unneeded Government property while reducing supply inventory by \$12 billion.

Minimize cost growth in major defense acquisition programs to no greater than 1% annually.